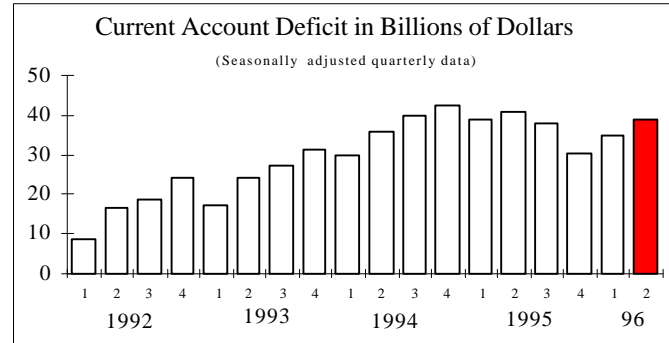
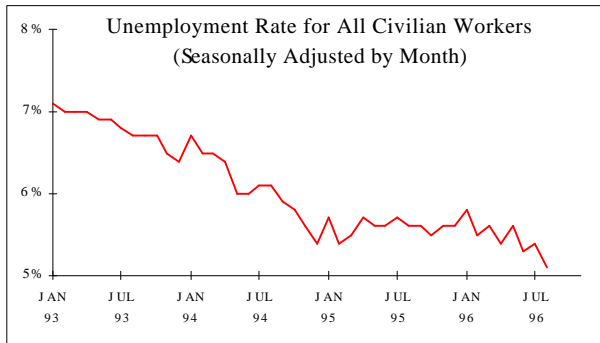


The Economic Bulletin

Volume VII, #18, September 17, 1996



UNEMPLOYMENT IN AUGUST FALLS TO 7-YEAR LOW

The Labor Department reported that in August the seasonally adjusted unemployment rate fell to 5.1%, the lowest rate since March 1989. In the same period, the Labor Department's payroll survey reported a strong seasonally adjusted increase of 250,000 jobs in August and a 6 cent increase in the average hourly earnings of non-farm non-supervisory workers. The unusually strong increase in job growth and drop in unemployment increases the chance that the Federal Reserve will raise interest rates before the end of the year.

CURRENT ACCOUNT DEFICIT UP IN 2ND QUARTER

The Commerce Department reported that the second quarter seasonally adjusted current account deficit rose to \$38.8 billion, an 11.2% increase over the deficit in the first quarter and the highest level in a year. The increase in the current account, which includes trade in goods and services as well as transactions involving short term capital movements and foreign aid, was primarily due to increased imports of oil and other foreign goods.

RUSSIAN MILITARY PRODUCTION PLUMMETS

Russian defense related production in August was 28% lower than in July, which was an amazing 94% lower than production in July 1995. This data is in contrast to figures that indicate that Russian defense related exports have reached post-Cold War highs. The high level of exports in the face of major production declines has been accomplished through selling-off older military equipment. The overall decline in defense expenditures was 33% between 1992 and 1994 and has continued to decline in 1995 and 1996.

UKRAINE'S FOREIGN DEBT IS \$8 BILLION

The Ukrainian foreign debt is currently about \$8 billion. Approximately \$5 billion of the debt is owed to Russia and Turkmenistan for purchases of natural gas, while about \$3 billion is owed to the IMF, the World Bank, and the governments of the US, Japan and Germany. The Ukrainian government is currently in the process of negotiating a currency stabilization loan from the IMF which is intended to enable Ukraine to establish the fiscal, budgetary and monetary policies necessary to stabilize the Ukrainian currency.

FUEL PRICES (dollars/bbl) AND EXCHANGE RATES (foreign units/US dollars)

	<u>Sept 13</u>	<u>Sept 6</u>		<u>Sept 13</u>	<u>Sept 6</u>
Crude Oil (Foreign)	22.09	20.57	DM (Germany)	1.51	1.48
Crude Oil (Domestic)	24.53	23.85	Yen (Japan)	110.23	108.45
Pound (UK)	0.644	0.642	Peso (Mexico)	7.55	7.62
Ruble (CIS)	5376	5352	Won (S. Korea)	822	819

The Economic Bulletin is published by the Office of the Assistant Secretary of the Army (FM), SAFM-RB. Should you have any questions or comments please contact Dr. Robert Raynsford at (703)697-2281 (DSN 227-2281). This publication is available on the Internet World Wide Web (http://134.11.192.15/pubs/eco_bltm/economic.htm). Contact WELTZLJ@HQDA.ARMY.MIL for more information.